MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2016/2017

BBL2614 – BUSINESS LAW

(All sections / Groups)

01 JUNE 2017
09:00a.m. – 12:00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages (including cover page) with 4 Questions only.
2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write your answers in the Answer Booklet provided. All answers should be supported with relevant statutory provisions and case law.

QUESTION 1 (25 MARKS)

(a) Dhelima Hair Care was a small beauty centre for hair problems owned by Wendy. She then appointed Manisha as a manager of the salon. The license for the salon was issued in the name of Wendy, and her name appeared over the main entrance of the salon. Part of the agreement between Wendy and Manisha was that all stocks for the business were to be supplied by Wendy and no other products except 'Dhelima' were allowed for the hair treatment of the customers. However, Manisha bought ginseng conditioners and nutritional lotion for the salon from outside suppliers on credit basis. Later on, the suppliers of the products came to discover that Wendy was the true owner.

Decide whether they could take an action against Wendy for the price of the items supplied on the basis that Manisha was her agent.

(10 Marks)

b) A contract of agency can be expressed or implied from certain circumstances and conduct of the parties. Discuss the ways an agency can be created.

(15 Marks)

QUESTION 2 (25 MARKS)

(a) Chin Chin and his friend Lisa went to Family House Store, a shop dealing with second-hand household goods. Lisa was very interested with an oven and refrigerator and entered a hire purchase agreement with the store for one year. She regularly pays the instalment for 3 months. Unfortunately, she was terminated by her employer due to misconduct. Because of her financial problem, she sold the refrigerator to her uncle, John. After a few weeks, Gopal, a creditor seized all the goods in John's house. After her failure to pay for two consecutive payments of the monthly instalments of the good, Family House Store issued a notice to repossess the oven and refrigerator from her as a result of the default. Lisa wants to know whether the Hire Purchase Act 1967 protects her rights as a hirer upon receipt of the notice of repossession and after the actual repossession has taken place. Advise Lisa.

(15 Marks)

(b) Under insurance contract, each party to a proposed contract is under a duty to disclose to the other all information which would influence his decision to enter into a contract, whether such information is requested or not. Failure to disclose material information gives the other party the right to regard the contract as void.

Based on the above statement, discuss the principle of *uberrimae fidei* under the contract of insurance. Support your answer with authorities.

(10 Marks)

Continued...

QUESTION 3 (25 MARKS)

(a) On 1 November, Ahmad who lives next door to Hussein called on Hussein and offered to sell his Dell Computer for RM2,000. On 3 November, Hussein wrote and posted a letter to Ahmad accepting the offer. The letter was not addressed properly. Hence Ahmad received the letter of acceptance on 8 November instead of on 5 November. On the evening of 6 November, Ahmad telephoned Hussein and said 'I revoke my offer.' Advise Ahmad.

(10 Marks)

(b) Seth, a famous racing driver, agreed to sell his racing car, the Formula919, to Nicole for RM800,000. Although the price was very high, Nicole was willing to pay it because there were only ten such cars which were ever produced by the manufacturer, and also because it had been used for racing by such a celebrity. She paid a deposit of RM80,000. The car was to be delivered to her next week. However, she has just been informed by Seth that he has changed his mind about selling the car and that the deposit of RM80,000 would be refunded. Nicole is unhappy about this. It would be almost impossible to buy a similar car elsewhere. She wishes to sue Seth for breach of contract. Discuss the remedies available to Nicole against Seth for breach of contract and advise her as to which of those remedies is most suitable for her.

(15 Marks)

QUESTION 4 (25 MARKS)

Lindt operates a successful water bottle business. Lindt operates as a sole trader. She decides to sell a greater variety of bottled water. After examining different brochures she discovers 'Dave's Bottled Mineral Water Supply'. The owner of the business is David. Lindt tells David that she buys bottled water but is interested in expanding her business by selling mineral water. David tells Lindt that he has a large selection of mineral water. David shows Lindt a brochure of all the different kinds of mineral water he has for sale. The brochure shows that the mineral water comes from a mountain creek. Lindt asks David whether he has some mineral water for her to try. David hands over a bottle from the shelf and asks her to taste it. Lindt drinks the water and says it tastes better than the plain water. Lindt decided to buy a one year supply to sell to her customers. She purchases 35,000 bottles for a total cost of RM35,000. After selling 1,000 bottles of mineral water on the first two weeks, Lindt discovers that some of her customers complain about stomach pains, vomiting and diarrhea. Lindt sends a bottle of the mineral water to scientific laboratory. The lab discovers that the water contains a virus undetectable to the naked eye.

Advise Lindt of her statutory rights and remedies against David under the Sale of Goods Act 1957.

End of Paper